

Washington, DC -- On Friday, February 16, Congressman Joe Sestak (PA-7), the Vice Chairman of the Small Business Committee, voted for the Small Business Tax Relief Act of 2007 [H.R. 976]. This bipartisan legislation includes \$1.3 billion in tax cuts to help small businesses to grow and hire new workers to keep our economy strong.

Additionally, Joe recently cosponsored the Family Small Business Tax Relief Act [H.R. 868], to reduce the complexity of joint filing between husband and wife co-business owners and allow both spouses to attain social security benefits which many are not receiving now.

“Last month I voted to help 9,000 residents in my district by raising the federal minimum wage from \$5.15 to \$7.25 per hour, which would mark the first increase in more than nine years,” noted Joe. “At the same time, as Vice Chair of the Small Business Committee, I am in favor of tax credits to help the 40,000 plus small businesses in Delaware County -- as well as those in my district from Montgomery County and Chester County -- create jobs and reduce the burden of costly healthcare programs. However, I don’t believe we need to necessarily attach small business tax cuts to the minimum wage, which is what the Senate did, because the minimum wage increase has been supported by over 650 economists, including five Nobel laureates who believe that such an increase would benefits to the labor market, workers, and the overall economy would be positive. The House and Senate bills need to be reconciled in order for the minimum wage increase to become law. That’s why I am pleased to have voted today for a separate bipartisan that will enhance opportunities for small businesses in my district by expanding tax cuts.”

The Small Business Tax Relief Act of 2007 (H.R. 976):

- 1) Helps small businesses invest in new equipment and more easily afford large capital expenses.
- 2) It extends small business expensing (Section 179) for one year—increasing both the amount small businesses can deduct from their taxes (from \$112,000 to \$125,000) and the number of small businesses that can take these deductions (by increasing the income limits for businesses taking the deduction from \$450,000 to \$500,000).
- 3) It extends the Work Opportunity Tax Credit (WOTC)—which provides incentives to employers to hire individuals from targeted groups that frequently experience barriers to work—for one year and expand it to cover disabled veterans.
- 4) It enhances the current tip credit for small businesses—by maintaining the current tip credit

that small businesses take for the Social Security taxes that they pay on their employees' tips, instead of allowing it to drop with the increase in the minimum wage.

5) The bill simplifies tax filing requirements for businesses owned jointly by husbands and wives, and ensures that small businesses are fully able to claim the WOTC and tip credit against AMT liability.

6) The measure is fully paid for.

Additionally, Joe co-sponsored the Family Small Business Tax Relief Act, H.R. 868, which reduces the complexity of filing joint tax returns between husband and wife co-business owners. In the past, the complexity of filing partnership tax compelled co-business owners to file the more-simplistic 1040 tax return, meant for a single-filer and under one name. This meant that only one of the spouses would be entitled to social security benefits. This provision would allow both spouses to attain social security benefits, and was built into the H.R. 976 legislation.

###

*Born and raised in Delaware County, former 3-star Admiral Joe Sestak served in the Navy for 31 years and now serves as the Representative from the 7th District of Pennsylvania. He led a series of operational commands at sea, including Commander of an aircraft carrier battle group of 30 U.S. and allied ships with over 15,000 sailors and 100 aircraft that conducted operations in Afghanistan and Iraq. After 9/11, Joe was the first Director of "Deep Blue," the Navy's anti-terrorism unit that established strategic and operations policies for the "Global War on Terrorism." He served as President Clinton's Director for Defense Policy at the National Security Council in the White House, and holds a Ph.D. in Political Economy and Government from Harvard University. According to the office of the House Historian, Joe is the highest-ranking former military officer ever to serve in the U.S. Congress.*